

## Life Sciences Business

### Achieving remarkable growth and driving innovation in the evolving Life Sciences

My role as President of Life Sciences LLC is to first ensure that our portfolio companies have the resources they need to be successful in their growth initiatives—both organic and inorganic. Second, my team’s responsibility is to seek out new opportunities where we can contribute to the market. We are expanding our Life Sciences Business with our leading affiliate companies.

Our results for FY2022 show that we are on track with 75% growth in revenues and 167% operating profit. However, we do see contraction of COVID-19 related products and services due to a worldwide deregulation. Otherwise, products and services will continue to grow at or near double-digit rates. We expect to boost operating margins further in FY2023.



**Tim Lowery**  
Senior Officer

#### Business strengths

- Structured to facilitate processes spanning from the development of antibody drugs to their production
- Synergies leveraged between group companies possessing advanced expertise and technological prowess
- Expert support for the development of complex biopharmaceuticals
- Quality assurance system refined by the JSR Group’s Semiconductor Materials Business
- World-class technology and advanced solutions for mammalian cell line development
- Supplier of innovative materials to the diagnostic drug and bioproduction industries

#### ■ CDMO

This business has a leading edge in complex protein analysis and is uniquely suited to support all stages of drug development from non-clinical and early-phase trials to commercialization.

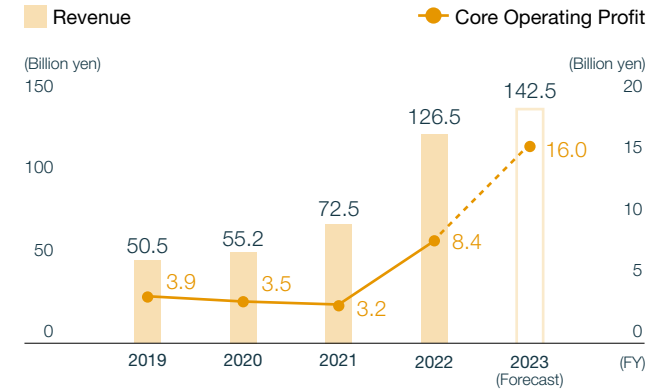
#### ■ CRO

This business is a market-leading provider of services that support cancer drug discovery, and possesses advanced disease and organoid platforms, which include the world’s largest number of patient-derived xenograft (PDX) models.

#### Awareness of business environment

- Growing demand for medical products due to the aging of the population
- Ongoing advances in personalized medicine
- Increasingly efficient drug development
- Rapid and continuous technological advances

### Revenue and Core Operating Profit



### Core Operating Profit Gap Analysis (YoY)

	Revenue	Core operating profit	Business environment (FY2023 forecast)	
			1H	2H
Business overall	+75%	+167%		
CDMO	+Around 50%	Decreased profit		
CRO	+Less than 25%	Same as last year	→	↗
BPM	+Around 15%	Decreased profit		
IVD	+Around 200%	Increased profit		

CDMO: Contract development and manufacturing of biopharmaceuticals  
 CRO: Contract research organization for pharmaceuticals  
 BPM: Bioprocess materials  
 IVD: Diagnostic reagent materials

Growth strategy

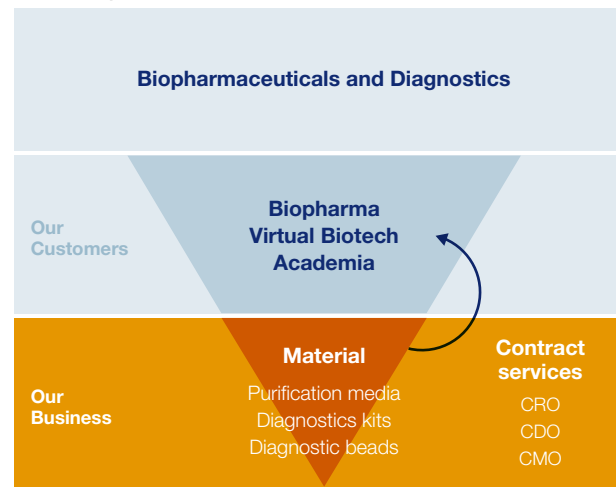
Aiming to Meet the Needs of the Biopharmaceutical Industry and Achieve Growth beyond Targets

The Life Sciences Business of JSR Group began when polymer technology developed in our petrochemical business, which began with material science, was utilized to make materials used in the manufacture of pharmaceuticals. Since then, we have acquired companies like KBI Biopharma, Inc., which offers biopharmaceutical contract development and manufacturing services, and

Selexis SA, which offers cell-line contract development services, and the Life Sciences Business has steadily expanded. The Life Sciences Business is furthermore meeting industry needs with CRO and CDMO services and unique materials to overcome the challenges of the biopharmaceutical industry today, namely long development times and high development costs.

	Revenue <b>CAGR+20%</b>	Core Operating Profit Margin <b>20%</b>
<b>Market</b>	<p><b>Scale</b></p> <ul style="list-style-type: none"> <li>CDMO market total: \$6 billion (Biopharmaceuticals market: \$400 billion)</li> </ul> <p><b>Trends</b></p> <ul style="list-style-type: none"> <li>High growth</li> <li>Precision medicine expansion</li> </ul>	
<b>Social Value</b>	<ul style="list-style-type: none"> <li>Enhance efficiency of pharmaceutical development</li> <li>Realize personalized medicine tailored to patients</li> </ul>	
<b>Strength</b>	<ul style="list-style-type: none"> <li>Capability to support development of very complex biopharmaceuticals</li> </ul>	
<b>Strategy</b>	<ul style="list-style-type: none"> <li>Business expansion through customer pipeline expansion</li> <li>Creation of <b>unique added value</b></li> </ul>	

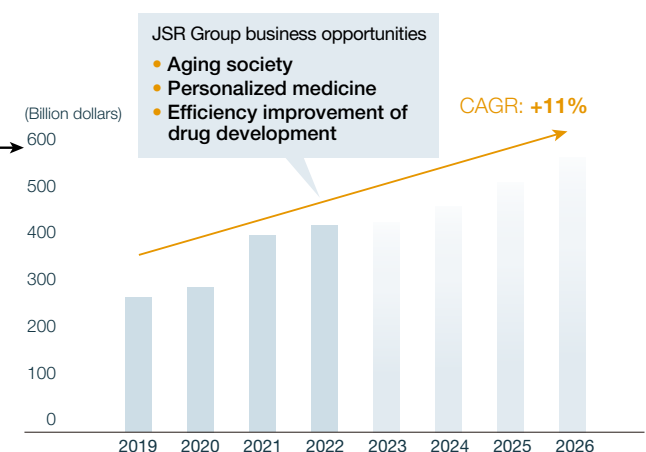
JSR Group's Position



Presently, the CDMO business accounts for about half of the revenue of the Life Sciences Business. The other half comes from the CRO business, from MBL, a company that became a wholly owned subsidiary in 2021, and from materials developed in-house (diagnostic and research reagents and bioprocess materials). The core operating profit margin was 6.7% in FY2022, but we are committed to increasing that margin by leveraging upfront investments to expand revenue.

Moreover, the segment is still in its infancy, and has ample room to boost profitability by expanding scale and further integrating into the Group. As we aim to further boost core operating profit margin, our targets to achieve by FY2024 are revenue of more than 100 billion yen and core operating profit margin of 20%. We will also reinforce technological development capabilities and other synergies across JSR Group.

Biopharmaceuticals Market



\* JSR estimate

## Strengthening Group Synergy and Aiming for Further Business Growth

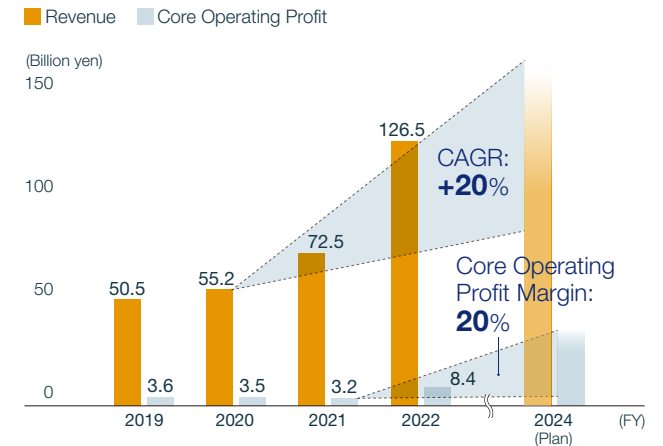
The Life Sciences Business of JSR Group supports the development of biopharmaceuticals and sells diagnostic reagents and bioprocess materials. To strengthen joint projects in Europe between KBI Biopharma and Selexis, which are engaged in the CDMO business, we newly expanded the Group's cutting-edge biopharmaceuticals production facility in Geneva, Switzerland. Moreover, in North Carolina, U.S., KBI Biopharma recently built an advanced commercial biopharmaceutical production facility to conduct joint projects with customers. These moves have roughly tripled our production capacity for animal cells. The two facilities are expected to contribute

to revenue once they are operating at full capacity.

We are also aiming to speed up growth in Japan. To this end, in April 2022, Crown Bioscience International and Medical & Biological Laboratories (MBL) established a joint venture offering advanced preclinical services.

We will continue to use CDMO and CRO to spur business growth while practicing appropriate risk management. At the same time, we will reinforce Group synergy and tap open innovation to advance development of next-generation products as we aim for sales growth of at least 20%, which would outpace the market's own growth rate.

Progress and Outlook for Medium-Term Management Plan



### Tap Group Synergy to Develop One-stop Services

